

ABSTRACT

Information of earning is an important information in decision making. Good decisions will be obtained if there is quality of earning. If the quality of earning is not reliable, then there is a possibility of mistakes in decision making. Earning that has quality, is earning that able to predict future earnings. Earnings persistence, is one way to assess the quality of earning by predicting future earnings, it is especially useful for investors in allocating the right funds to invest.

This study aims to investigate factors that determining earnings persistence such as cash flow volatility, sales volatility, leverage and firm size, either simultaneously or partially on property and real estate companies listed on the Indonesia Stock Exchange period 2012-2016. The data used in this research is obtained from financial statement data.

The population in this study are property and real estate companies. The sampling technique used is purposive sampling and obtained 32 companies with research period in 2012-2016. Data analysis method in this research is panel data regression analysis by using software Eviews version 9.

The result of t test shows that cash flow volatility has significant positive effect, sales volatility has significant positive effect, leverage has significant negative effect and firm size does not significantly effect to earnings persistence. The result of F-test showed simultaneously cash flow volatility, sales volatility, leverage and firm size have an effect on earnings persistence with adjusted R² of 0.050005

Based on the results of this study, if property and real estate companies want to increase the earnings persistence, then the company needs to improve the stability of cash flow and sales and keep the leverage low, so the interest expenses also low and the company's earnings persistence increases.

Keywords: Cash Flow Volatility, Sales Volatility, Leverage, Firm Size, Earning Persistence